FY24 RESULTS PRESENTATION

22 AUGUST 2024

PRINCESS YACHTS

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Agenda

Deputy Prime Minister and Defence Minister, the Hon Richard Marles MP (second from right), and Sam Lim, MP for Tangney (left), inspect a SHARROW by VEEM propeller with VEEM MD, Mark Miocevich (second from left) and CEO Trevor Raman (right).

FY24 Highlights

Revenue $80.6m +35%	Total Activity[1] $81.6m +29%	EBITDA[2] $14.8m +48%
EBITDA Margin[2] 18.3% +160bp	EBIT[2] $9.4m +60%	NPAT[2] $7.0m +70%
Operating Cashflow $8.4m +77%	EPS[2] 5.15cps +70%	Final Dividend 0.77c

1. Total Activity = Sales + change in WIP
2. Includes non-recurring costs: a) amortisation of Liver Cancer research project of $0.5m ($0.4m after tax); and b) Sharrow initial expenses of $0.8m ($0.7m after tax).

Executive Summary

- VEEM's revenue for the year was $80.6m (up 35% on FY23) with total activity (Sales + change in WIP) for FY24 of $81.6m (up 29% on FY23).
- EBITDA and NPAT were $14.8m and $7.0m, up 48% and 70% respectively on FY23. These amounts include non-recurring costs: a) amortisation of Liver Cancer research project of $0.5m ($0.4m after tax); and b) Sharrow initial expenses of $0.8m ($0.7m after tax).
- Cashflow from operations was $8.4m, up 77% on FY23.
- Gyro sales for the year were $12.3m, up 147% on FY23 on the back of Strategic Marine accelerating their gyro purchases. Orders in hand of $3.4m at 30 June 2024.
- Agreement signed with Sharrow Engineering for the exclusive worldwide licence to manufacture and sell Sharrow designed propellers for inboard vessels for at least 17 years. The propellers will be branded SHARROW by VEEM. The roll out to customers has commenced.
- The increased propeller capacity installed late in FY23 was utilised early in the year to reduce the order backlog in propellers. Subsequently propulsion sales stabilised with revenue for the year up 30% to $32m.
- Revenue from the submarine program was $17m (up 35% on FY24) for the year with total defence revenue of $21m (up 23% on FY24).
- VEEM has invested over $4.6m in capital and development expenditure during FY24 towards robotics for its Baile Rd facility, an automated guided vehicle and gyro engineering product improvement.
- EPS of 5.15 cents per share*, up 70% on the prior period.

* Includes non-recurring costs: a) amortisation of Liver Cancer research project of $0.5m ($0.4m after tax); and b) Sharrow initial expenses of $0.8m ($0.7m after tax).

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FINANCIAL RESULTS

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FY24 Result

Profitability increase driven by significant increases in propeller sales, defence revenue and accelerated gyro revenue.

- Customer Work in Progress increased by $1.0m which, when added to revenue, demonstrates $81.6m of activity over FY24.
- Propulsion sales increased 30% due to increased capacity available to initially clear a backlog, then meet the strong order book.
- Defence revenue was significantly higher due to the delivery of the majority of components for a Collins Class submarine full-cycle docking.
- Gyro sales more than doubled as a result of the acceleration in delivery of the Strategic Marine three-year contract into 15 months.
- Increased labour hours during FY24 – 19% increase on FY23 due to improved retention and productivity.
- Includes non-recurring costs: a) amortisation of Liver Cancer research project of $0.5m ($0.4m after tax); and b) Sharrow initial expenses of $0.8m ($0.7m after tax).

	FY24 A$mil.	FY23 A$mil.	% Change
Revenue	**80.6**	59.6	+35%
EBITDA*	**14.8**	10.0	+48%
Profit before Tax	**8.1**	4.9	+66%
Net Profit after Tax (NPAT)	**7.0**	4.1	+70%
Earnings Per Share (EPS)(cents)	**5.15**	3.03	+70%

*EBITDA is earnings before interest, tax, depreciation and amortisation.

Balance Sheet

Capital investment to drive future profitability

- The Company held cash on hand of $0.2m at 30 June 2024 (net of $0.4m overdraft)(30 June 2023: $2.4m) and had an undrawn overdraft facility of $3m.
- The trade facility which is used to facilitate the propeller business and was drawn to $0.7m at year end ($1.3m undrawn).
- The working capital position increased due to the increased activity.
- VEEM invested over $4.6m in capital and development expenditure during FY24 including 3 new robots for the Baile Rd facility, an automated guided vehicle and gyro engineering product improvement.
- $1.4m of the capital purchases above were funded through HP arrangements.
- Debt repayments of $4.0 million.

	FY24 A$mil.	FY23 A$mil.	% Change
Current Assets	**39.2**	35.0	+12%
Non-Current Assets	**54.7**	56.5	-3%
Total Assets	**94.0**	91.5	+3%
Current Liabilities	**16.6**	16.8	-1%
Non-Current liabilities	**25.1**	27.9	-10%
Total Liabilities	**41.7**	44.7	-7%
Net Assets	**52.3**	46.8	+12%
Retained earnings	**40.6**	35.4	+15%
Total Equity	**52.3**	46.8	+12%

Cash Flow

Solid cash flow from operations and investments in assets

- Cashflow from operations was $8.4m (2023: $4.7m) reflecting the higher EBITDA result for FY24.
- The investment cash outflow of $3.2m is the portion of the $4.6m of capital and development expenditure not funded by HP arrangements*.
- Debt repayments of $4.0m ($2.1m commercial & trade facilities and $1.9m in HP repayments).
- A $2m trade facility is in place to facilitate the propeller business and had $1.3m undrawn at year end.
- At year end VEEM had $3.0m undrawn on its $3.4m overdraft facility.

	FY24 A$mil.	FY23 A$mil.	% Change
Cash flow from operations	**8.4**	4.7	+77%
Cash flow from investing activities	**(3.2)**	(3.7)	+15%
Cash flows from financing activities	**(7.4)**	(1.2)	-532%
Net (decrease)/increase in cash	**(2.2)**	(0.2)	-859%
Cash at end of period, net of overdraft	**0.2**	2.4	-93%

*Capital equipment purchases funded directly by hire purchase arrangements do not show in cash flow from investing (or elsewhere in the cashflow statement).

Cash Flow

Statutory EBITDA $14.8m
Less AASB 16 leases -$2,1m
Adjusted EBITDA $12,7m

Working capital

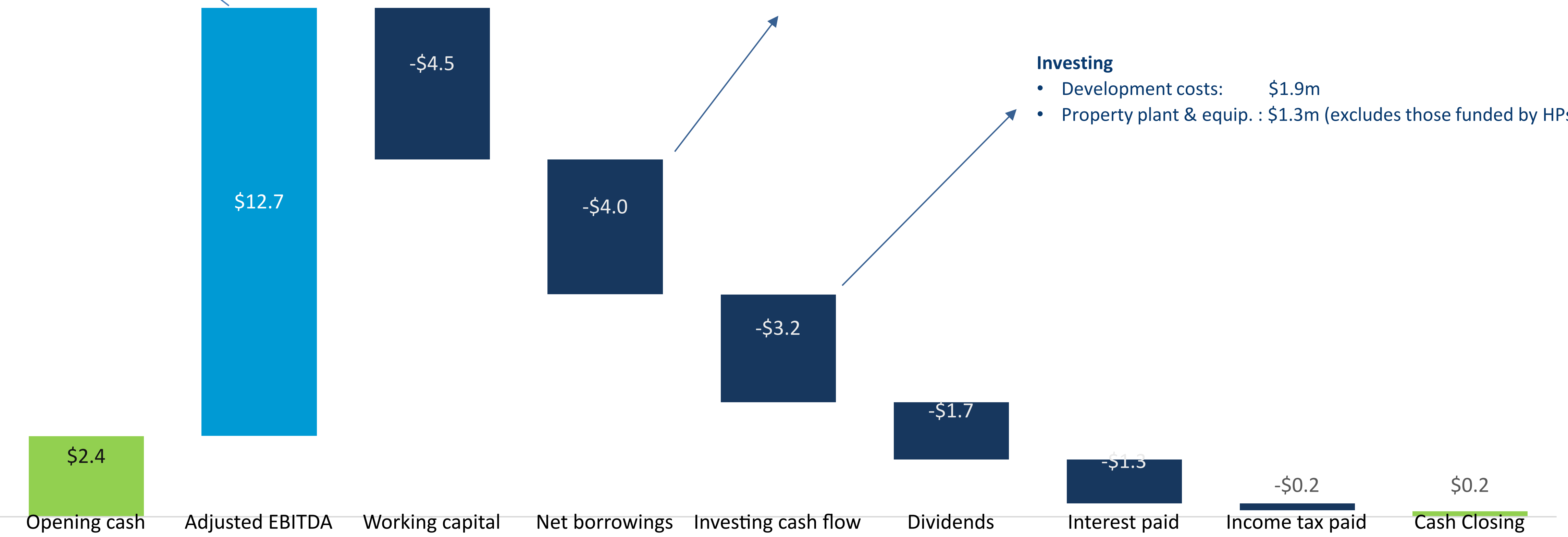
- Primarily increases in debtors ($3.1m) and work in progress ($1.0m) offset by other working capital balances.

Net repayment of borrowings

- Net bank borrowing repayments - $2.1m (includes trade and commercial facilities)
- Repayment of HPs - $1.9m

Investing

- Development costs: $1.9m
- Property plant & equip. : $1.3m (excludes those funded by HPs*)



*Capital equipment purchases funded directly by hire purchase arrangements do not show in cash flow from investing (or elsewhere in the cashflow statement).

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OPERATIONAL PERFORMANCE

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Gyrostabilisers

- In FY24 VEEM sold 18 gyros (FY23: 7) generating revenue of $12.3m (30 June 2023: $5.0m).
- The growth was primarily driven by the acceleration of the Strategic Marine order for 12 Gyros over 3 years announced in FY23. The decision to make gyros standard on their new fourth generation crew vessel accelerated this to 10 gyros being delivered FY24
- VEEM holds the dominant position as the only major supplier in the large marine gyrostabiliser market which has a high barrier to entry. This market is estimated to be US$1.1bn for new builds and US$13.5bn for retrofits.
- Enquiries and orders show the commercial market for gyros is becoming better educated in the operational, HSE and other benefits of gyros for crew transfers and other workboats.
- VEEM is planning the release of a new Mark II version later in 2024 which come with a five-year warranty (previously 1 year). The new model contains all lessons learned from the 49 gyros operating in the field.
- Five gyro service technicians now operating around the world based in strategic locations.
- In October 2023 Tony Elms joined VEEM as Chief Technical Officer for marine products.

Propulsion

- Propulsion revenue $32m, up 30% on FY23.
- New machines in FY22 and FY23 meant a capacity increase of over 80% since December 2021, available for all of FY24.
- During the year VEEM acquired further robotics and tooling as it continues to optimise and automate the propeller process.
- Increased in propulsion marketing and sales team heading into FY25 with the aim of broadening its geographical spread and also increasing its offerings to include shaftlines and associated equipment.
- VEEM continues to develop its processes and pursue new initiatives in relation to the propeller business where it can leverage its reputation and client base as the premium product in the market for high-speed, high-performance propellers.
- In October 2023 VEEM signed an exclusive worldwide agreement for the manufacture and sale of Sharrow propellers for inboard vessels. Refer to the next slide for details.

Deputy Prime Minister and Defence Minister, Richard Marles, and Mr Sam Lim, MP for Tangney, inspect a patrol boat shaft and propeller with VEEM MD, Mark Miocevich. Photo courtesy of Richard Polden Photography.

Propulsion – SHARROW by VEEM

- October 2023 VEEM signed agreements for VEEM and Sharrow to partner together to design and then VEEM to exclusively manufacture and sell Sharrow propellers worldwide up to 5 metres in diameter for inboard motor vessels.
- The award-winning Sharrow propeller design has made a significant impact on the outboard motor market with outstanding improvements in fuel efficiency, noise, vibration and handling.
- VEEM will initially manufacture the SHARROW by VEEM propellers at its plant in W.A..
- The roll out has begun with the initial focus being on a small group of select customers that have pre-ordered online, with designs optimised and tested for each vessel. First deliveries and sales 1HFY25.
- If the adoption rates follow the same patterns as the Sharrow outboard motor propellers, then VEEM expects to be building increased capacity in the next few years.
- The SHARROW by VEEM propellers will cost more to make in both raw materials and manufacturing time leading to premium pricing which outboard motor customers have shown they are willing to embrace due to the tangible benefits realised.
- Underwater noise testing has been conducted with very encouraging results. This is an area of particular interest to the defence market and participants looking at the sustainability of boating and marine life.

SHARROW MARINE
THE FUTURE OF PROPULSION

Defence

- Overall defence revenue was $20.9 million, up 23% on FY23.

- VEEM is developing demonstrator blades for BAE Systems Australia's Hunter Class Frigate Program under a $1.7m contract. Successful completion in H1 FY25 will confirm VEEM as a qualified supplier, making it one of only two global companies capable of this level of precision.

- Success with this project and subsequent high-level defence supplier qualification is expected to lead to further Australian defence work as well as the potential to export equipment for other naval shipbuilding programs around the world, including other Type 26 frigate programs.

- VEEM continues to be awarded contracts for numerous defence projects including army vehicles and naval projects such as patrol boats and submarines (eg. Collins Class Submarines, Austal's Evolved Cape Class Patrol Boats, ANZAC Frigates).

- VEEM is active in the Defence space and is well positioned to take advantage of further defence work opportunities that are now emerging from Hunter, Austal, AUKUS, autonomous vessel and other weapons defence programs, especially as VEEM now has an enhanced security rating.

Engineering Products and Services

- VEEM's hollow bar product revenue for FY23 was $7.1m which is a 13% increase over FY23 due to strong demand and increased capacity.

- The balance of revenue from engineering products and services was $8.7 million, up 20% from FY23 due primarily to improved recruitment and retention of staff which has facilitated additional hours being available to satisfy demand.

- VEEM's traditional engineering business focuses on foundry-led, precision-engineered products, including custom designs and its own hollow bar products (e.g., Forever Pipe). Demand for these products was strong throughout FY24 and this has continued into FY25.

Corporate

- Mr Tony Elms appointed as Chief Technical Officer for marine products. Mr Elms is world renowned for his gyrostabiliser knowledge and experience and has also been working on the Sharrow development since commencing in October 2023.
- Board succession with Angus Murnaghan joining the Board in June 2024 and Ian Barsden retiring on 30 June 2024 after decades of service to VEEM.
- Management succession implemented with Trevor Raman being promoted from Chief Operating Officer to Chief Executive Officer and Tino Kapfumo being promoted to Chief Financial Officer and Company Secretary.
- Managing Director, Mark Miocevich, continues in that role and David Rich the previous Chief Financial Officer, has taken up the role of Head of Corporate Development and remains a Company Secretary.

VEEM Managing Director, Mark Miocevich, said: *"It is with great pleasure that we have promoted Trevor Raman to the new position of Chief Executive Officer and Tino Kapfumo as Chief Financial Officer. Trevor's management of VEEM's operations over the last 15 months has been instrumental in delivering the increased output, revenue and resultant profit increases we have generated whilst Tino has delivered exception performance as our Finance Manager making him the ideal professional to become VEEM's new CFO.*

"Both Trevor's and Tino's appointments are part of the executive development program we have been working on at VEEM in order to set the platform for VEEM to continue its recent growth path."

New CEO, Trevor Raman (far left) and new CTO, Tony Elms (far right rear) with visitors from General Dynamics Electric Boat and Defence West.

OUTLOOK

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Outlook

Gyrostabilisers:

- VEEM is the only real supplier to the large gyro market (US$1.1bn in new builds alone) with significant barriers to entry.
- Increased investment into marketing and improved product (new "Mark II" with 5 year warranty) expected to generate continued sales growth
- Commercial applications expected to be the main adopters in the short-term with recreational following.

Propulsion:

- Global demand for VEEM's propellers is expected to remain strong.
- New equipment to continue to drive for increased efficiencies and margins.
- Increased marketing and sales team with the aim of broadening geographical spread and increasing its offerings to include shaftlines
- SHARROW by VEEM rollout in progress now with initial sales in FY25 as the series designs are developed with sales increasing into FY26.

Defence:

- Defence revenue expected to remain strong with deliveries under the current Collins Class submarine full cycle docking to complete Q1 FY25.
- Other defence work for a number of different prime contractors, including Austal, is also expected to continue with the building of patrol boats and other platforms.
- VEEM will deliver the Hunter demonstrator program shortly and seek to leverage off the high-level qualifications with BAE/Kongsberg/Navy to supply other defence programs including overseas T26 programs.
- VEEM is active and well positioned to take advantage of AUKUS early opportunities that may arise.

Engineering:

- Demand for the traditional engineering products and services, including hollow bar, is expected to continue.
- VEEM will continue to focus on recruitment and maintenance of labour resources through a number of initiatives.

Q & A

VEEM

APPENDICES

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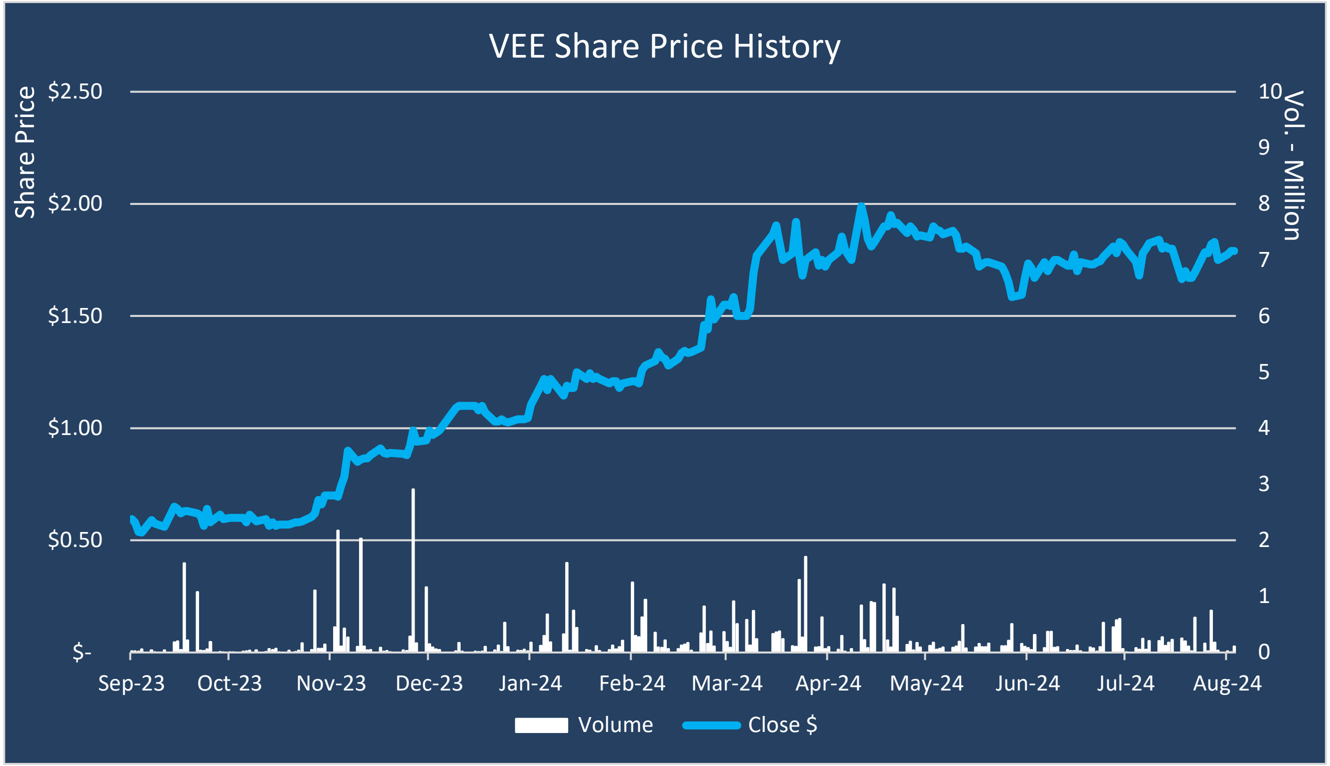
Corporate Overview

Corporate Snapshot	
ASX Code	VEE
Share Price (21 August 2024)	$1.79
Market Capitalisation (21 August 2024)	$243m
Shares on Issue	135.8m

Substantial Shareholders	**%**
Miocevich Family	50.18%
Perennial Value Management	13.74%



This ASX announcement was authorised for release by the Board of VEEM Ltd.

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